



## Concept Paper # 242

Presented to the Department of Administrative Services (DAS) and the State CIO

Date Prepared: 2/22/13

Name of document to be reviewed: **Costing Software for pricing, financials**

*(Please check one item listed in the following two sections)*

Document for review and approval:

- ☐ Request for Proposal (RFP)
- ☐ Request for Service (RFS)
- ☐ Request for Quote (RFQ)
- ☐ Invitation to Qualify

- ☐ Sole Source Procurement
- ☒ Statement of Work
- ☐ Staff Augmentation
- ☐ Master Agreement Purchase

NOTE: Sole source procurements will also need authorization from DAS-ITE Procurement for this type of purchase. Please also contact DAS-ITE Procurement at this location: <http://DAS-ITE.gse.iowa.gov/procurement/solesource%202010.pdf>

Document for review only:

☐ Master Agreement

☐ Request for Information (RFI)

Agency: Department of Administrative Services

RFP Reference #:

Release Date:

This project is requesting IOWAccess funds: Yes ☐ No ☒

NOTE: IOWAccess concept papers are to be sent to Wes Hunsberger ( [Wes.Hunsberger@iowa.gov](mailto:Wes.Hunsberger@iowa.gov) ) for an internal DAS-ITE review.

Projected cost over \$50,000? Yes ☒ No ☐

Projected agency staff hours over 750? Yes ☐ No ☒



**Project Cost, Funds and Funding Source:** Estimated cost of software is approximately \$250,000. Additional expenses for implementation and consulting are yet to be determined. The initial funding source will be the consolidation funding (OC14), as this project will aid with consolidation efforts of DAS-ITE. On-going funding will come from marketplace fees.

Please list the internal and external resources/costs for the purchase:

**Internal Resources/Costs:** Total costs are yet to be determined, however, state staff time will be necessary to undergo the RFP process. In addition, state staff time will be necessary to aid consultants in the building of a financial model, as well as attend necessary training to be able to take over and use the software.

**External Resources/Costs:** Total costs are yet to be determined. A software subscription rate is estimated to be approximately \$250,000 per year. Consulting, which will be purchased from a vendor, will be needed to build the initial financial model and to train state of Iowa staff to use the product.

**Timelines:** The implementation timeline is to be determined, however, the initial installation and building of a financial model should occur within the first ninety days, following the acceptance of a vendor.

**Goal:** Implement a software as a service (SaaS) based system to aid in the administration of a costing plan that is needed to effectively and fairly price services that are provided to all customers that are receiving and purchasing the services that DAS provides.

**Background:** To date, DAS-ITE is the one enterprise within DAS which has undergone a complete costing exercise. A few years ago, IBM built a pricing model and a structure to produce management reports that used the ABMS software solution. There are several issues with the solution that was provided; however the most prominent issue is that the current operating environment has rendered the solution obsolete.

**Expected Results:**

**What are the tangible and intangible benefits of this purchase for this agency and/or state government?** Having the ability to more nimbly respond to differences between how a price was set versus the actual occurrences during the year, DAS will be able to re-price to avoid the possibility of future rebates (decrease the price) or avoid the possibility of negatively impacting service levels (increase the price).

**Can these benefits be quantified in financial terms? If yes, please explain.** By having a product in place that allows for producing statements in a timelier manner, the time to analyze and respond to the results is increased. This definitely impacts the state's financial outlook, as DAS will be able to better interpret their cost structure and decrease the time to respond to both over and under recovery situations.

**How will you be more effective as a result of this purchase?** DAS-Finance and ITE management will spend far less time producing a pricing model, but will also have a better understanding of the costs that make up those prices. This will allow DAS to be more effective in managing the pricing process and in producing meaningful and transparent reporting regarding the pricing structure to the agencies



that will be impacted by the pricing changes. Additionally, DAS will be able to spend more time analyzing the various financial statements and will be able to more nimbly respond to over or under pricing situations.

**How will service to your customers be enhanced as a result of this purchase?** This software will allow the customer the ability to better understand their bill of services, as well as provide DAS a more transparent means to determine the pricing structure of services.

**Testing and Acceptance:**

**Some of the Interested Parties:** DAS-ITE, DAS Finance, Statewide IT consolidation initiative

**Some of the Recipients of this Service:** State agencies, DAS Finance, DAS ITE

**Standards:**

**Architecture:**

**Business Continuity / Disaster Recovery:** Included as part of service provided by vendor.



**Recommendations from the State CIO:**

**NOTE:** Where applicable, all DAS-ITE GSE Procurement and IA Administrative Code 11-105 and 11-106 requirements and procedures are to be followed. Reference: <http://DAS-ITE.gse.iowa.gov/procurement/>, specifically: <http://DAS-ITE.gse.iowa.gov/procurement/adminrules/>.

Duplication recommendation from the State CIO to the DAS-ITE Director:

- a) Is there duplication within Government? *(Please identify duplication at the agency level, as well as within the enterprise)*
- b) Can an existing program be modified to address a new need?
- c) Do you have any similar program in existence?
- d) Have you sought IT procurements for similar programs in the past?
- e) Do you have purchasing documents for similar programs?
- f) Do you have similar purchasing documents that could be used as a starting point for this program?
- g) Is there anything you could provide that could assist the agency with this IT procurement?
- h) Are there alternatives available to the agencies?

**Recommendation of the State CIO to the DAS-ITE Director:**

Authorize this IT procurement Yes X No \_\_\_\_

Alternatives suggested by the State CIO  
(see comments below) Yes X No \_\_\_\_

Additional comments from the State CIO:

**The State CIO recommends approval of the IT procurement with the additional comments:** An RFP is requested to be developed and not a statement of work, as stated in the concept paper. The staff member who developed the concept paper (Deb Krueger in DAS-ITE) has already formed a committee to write an RFP for this procurement. The RFP should be completed by the end of March.

**DAS Director's action:**

Authorize this IT procurement Yes X No \_\_\_\_

**The above IT procurement concept approved by Director Carroll on 3/6/13**

Comments: **None.**